

EXHIBIT "E"

BREAKWATER VILLAS CONDOMINIUM ASSOCIATION, INC.

RULES AND REGULATIONS

It is the purpose of the association to maintain luxurious, but economically well-managed, condominium improvements and common elements, and it is believed that these rules will aid this purpose.

Your board of directors will welcome the assistance of all the owners in the enforcement of these regulations.

INTERIM RULES AND REGULATIONS

These rules and regulations are based upon the experience gained from a number of Florida condominium associations. They should be reviewed from time to time and appropriate amendments made in accordance with the experience of this association.

1. RULES AND REGULATIONS:

These rules and regulations will be enforced as follows:

A. Violations should be reported to the building manager of BREAKWATER VILLAS in writing and not to the board of directors or to the officers of the association.

B. Violations will be called to the attention of the violating owner by the manager of the building. The manager will also notify the appropriate committee of the board of directors.

C. Disagreements concerning violations will be presented to and be judged by the board of directors, which is empowered to take appropriate action.

D. Owners are responsible for compliance by their guests and lessees with these regulations.

2. FACILITIES:

The facilities of BREAKWATER VILLAS are for the exclusive use of association members and their invitees, immediate families, tenants, resident house guests and guests accompanied by a member and those persons permitted to use such facilities under the Use Agreement with the adjacent property owner.

3. NOISE:

A. All floor areas in the interior of apartments that unit owners cover with a hard surface material, including, but not limited to, such materials as ceramic tile, marble, granite and wood must have a sound rated floor system with an Impact Insulation Class (IIC) rating of not less than fifty-two (52) and a Sound Transmission Class (STC) rating of not less than fifty-two (52). The IIC and the STC are to be determined by ASTM Standards E-90 or E-336. The provisions of this paragraph shall not apply to exterior balconies.

B. In order to insure your own comfort and that of your neighbors, radio, hi-fi and television sets should be turned down to minimum volume between the hours of 10:30 p.m. and 8:00 a.m. All other unnecessary noises such as the playing of pianos and other musical instruments, bidding good night to departing guests and slamming car doors between these hours should be avoided. Your neighbors will appreciate this.

C. Carpentry, carpet-laying, picture hanging, or any trade (or do-it-yourself work) involving hammer work, etc., must be done between the hours of 8:00 a.m. and 6:00 p.m. ONLY. No such work shall be done on Sundays. No exceptions will be allowed.

4. PETS:

Only small pets may be kept within a Condominium Unit subject to the following:

(i) Owners, only, are permitted up to two (2) domesticated pets, the adult weight of which is fifty (50) pounds or less, provided that Rottweilers, Chows, Wolf Breeds and Pitt Bulls shall not be permitted. Tenants or guests of a Unit Owner are not permitted to keep a dog or a cat upon the Condominium Property.

(ii) Pets may not be maintained on the Common Elements, and no animals shall be permitted to commit a nuisance in any public portion of the Condominium Building or grounds.

(iii) Pets shall not be permitted, unaccompanied, outside any dwelling.

(iv) Each Owner shall assume full responsibility for any damage to persons or properties caused by his pet, and promptly collect and clean up any feces from pets upon Common Elements.

(v) Pets must be taken in or out of Units on a leash or carried by the Owner when on Common Elements.

(vi) The right to maintain a pet, subject to the conditions hereinabove set forth, is in the nature of a conditional license and is subject to revocation and termination at any time by the Board of Directors upon their sole determination that such pet is either vicious or annoying other Owners, or otherwise a nuisance, or upon failure of Owner to comply with these restrictions, or any further rules and regulations of the Association pertaining to pets.

(vii) The Association shall have the power to change these restrictions pertaining to pets, from time to time, but if pets have been permitted prior to the change in these regulations, such change shall not affect the rights of Owners to keep such previously permitted pets.

5. OBSTRUCTIONS:

Sidewalks, entrances, driveways, passageways, patios, courts, elevators, vestibules, corridors and halls must be kept open and shall not be obstructed in any manner.

6. CHILDREN:

Children are to play in designated areas only and not in public halls or lobbies.

7. DESTRUCTION OF PROPERTY:

Neither members, their dependents, nor guests, shall mark, mar, damage, destroy, deface or engrave any part of the building. Members shall be financially responsible for any such damage.

8. EXTERIOR APPEARANCE:

To maintain a uniform and pleasing appearance of the exterior of the building, no awnings, screens, glass enclosures, or projections, shall be attached to the outside walls. This includes any type of screen or umbrella. All porch floor coverings shall be subject to the prior written approval of the Board. In the event that Board approval is obtained and the porch is covered with any material other than carpeting, the covering shall be installed within six (6) inches of the porch ledge. All such uses must be in total conformity with the ordinances of Indian River County, Florida.

9. CLEANLINESS:

Members shall not allow anything to be thrown, or to fall, from windows, doors, or porches. No sweepings, or other substances, shall be permitted to escape to the exterior of the building from the windows, doors or porches, or to the interior of the building from hall doors.

10. TERRACES AND PATIOS:

No objects shall be hung from window sills. No cloth, clothing, rugs or mops shall be hung upon, or shaken from windows or doors.

11. DOOR LOCKS:

Members must abide by right of entry into units in emergencies. In case of any emergency originating in, or threatening, any unit, regardless of whether the owner is present at the time of such emergency, the board of directors of the association or any other person authorized by it, or the building manager, shall have the right to enter such unit for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate. To facilitate entry in the event of any such emergency, the owner of each unit shall deposit a key to such unit, under the control of the association.

The Association shall have a duplicate key to each unit. In the event the Unit Owner fails to supply a duplicate key, and entry into the Unit by the Association is permitted in accordance

with the Declaration, Articles, By-Laws or these Regulations, the Association shall not be responsible for any costs or expenses incidental to a forced entry into the Unit. The agents of the Association and any contractor or workman authorized by the Association may enter any Unit at any reasonable hour of the day for any purpose permitted under the terms of the Declaration of Condominium or By-Laws of the Association. Entry will only be made after pre-arrangement with the respective Unit Owner or the occupant of the Condominium Unit. Nothing herein shall relieve the Association of its duty of ordinary care in carrying out its responsibilities, nor from its negligence or willful activities that caused damages to a Unit Owner's property.

12. ATTIRE:

Members, their families and guests shall not appear in, or use, the lobby or other common facilities except in appropriate attire.

13. TRASH CHUTES:

All refuse, waste, bottles, cans and garbage shall be securely contained in plastic bags and placed in containers designated therefore by the Board from time-to-time. No items other than ordinary household trash shall be placed in or around the trash receptacle provided, and each Unit Owner shall be responsible for the removal of its own bulk trash and large items.

14. SOLICITATION:

There shall be no solicitation by any person anywhere in the building for any cause, charity, or any purpose whatever, unless specifically authorized by the board of directors.

15. TELEPHONES:

All residents must maintain telephone service at all times in their unit and shall advise the association and security employees of their telephone number.

16. ODORS:

No noxious or unusual odors shall be generated in such quantities that they permeate to other units and become annoyances or become obnoxious to another unit owner. Normal cooking odors, normally and reasonably generated, shall not be deemed violations of this regulation.

17. COOKING DEVICES:

No fires, cooking devices or other devices which emit smoke or dust shall be allowed on any screened porch.

18. ANTENNAE:

The location of any antennae (including DSS dishes) is to be approved by the association.

19. MOVING:

Moving shall only be allowed between the hours of 7:00 a.m. and 7:00 p.m. daily and must be scheduled with the manager. Moving shall not be permitted at all on Sundays.

20. WEIGHT LIMITATIONS:

No unit owner shall cause to place any weight on any portion of his unit which shall interfere with the structural integrity of the building.

21. COMPLIANCE BY UNIT OWNERS:

Unit owners and occupants shall comply with the foregoing rules and regulations and any and all rules and regulations which may, from time to time, be adopted by the Association. Failure of a unit owner or occupant to comply with the foregoing shall subject the same to legal remedies, including, but not limited to, suits for money damages, injunctive relief or any combination thereof.

22. COMPLIANCE BY DEVELOPER:

Notwithstanding anything herein to the contrary, except for requirements pertaining to Association approval of leases and restrictions on a) the presence of pets; b) occupancy based on age; and c) the type of vehicles allowed to park on condominium property (except for Developer authorized vehicles engaged in any activity relating to construction, maintenance or marketing of Units) the foregoing rules and regulations shall not be applicable to the Developer, its agents, employees and contractors, or to units owned by the Developer.

23. RELIEF:

The board of directors shall have the power, but not the obligation, to grant relief to one or more unit owners under the particular circumstances involved from the provisions of specific restrictions, contained in these rules and regulations, upon written request therefrom and for good cause shown in the sole opinion of the board.

24. STORM PREPARATION:

Hurricane shutters may not be installed except with the prior written consent of the Board. Each member who plans to be absent from his unit during the hurricane season must prepare his unit prior to departure by:

- A. Removing all furniture and plants from his porch.

B. Any unit owner who plans to be absent from his unit during the hurricane season or for any extended period of time shall designate a representative to prepare his unit for a hurricane. This shall include positioning of shutters to protective state, and returning them to hidden position when the storm has passed and/or the warning is lifted. The unit owner shall furnish the manager with the name of such firm or individual. Shutters must remain open except during a hurricane warning.

25. PARKING:

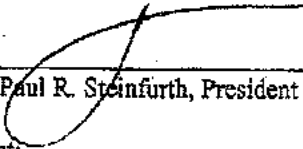
The parking areas may be used only to park personal vehicles belonging to an Owner. No derelict vehicles which are not operational may be kept on the Condominium Property and no boats, boat trailers or commercial trucks or vehicles may be kept on the Condominium Property. Notwithstanding the foregoing, the Developer or its designee are exempt from the foregoing parking restrictions with respect to vehicles engaged in any activity relating to construction, maintenance or marketing of Units.

26. DISPLAY OF FLAGS:

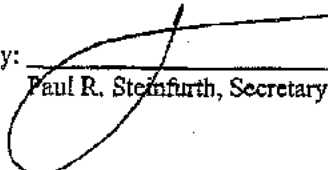
Any unit owner may display one portable, removable United States flag in a respectful way and, on Armed Forces Day, Memorial Day, Flag Day, Independence Day, and Veterans Day, may display in a respectful way portable, removable official flags, not larger than 4 1/2 feet by 6 feet, that represent the United States Army, Navy, Air Force, Marine Corps. or Coast Guard, regardless of any declaration rules or requirements dealing with flags or decorations.

The management shall have the right, but not the obligation, to enter a condominium unit for the purpose of opening and closing hurricane shutters. Neither the association nor the developer or his designated representative shall be responsible or liable for any damage incurred by not performing such operation.

BREAKWATER VILLAS
CONDOMINIUM ASSOCIATION, INC.

By: 
Paul R. Steinfurth, President

Attest:

By: 
Paul R. Steinfurth, Secretary